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# DESCRIPTION OF THE MAIN FUNCTIONAL ELEMENTS OF MANAGING FINANCIAL RESOURCES OF HIGHER EDUCATION INSTITUTIONS IN THE PERIOD OF DEVELOPMENT

Islomov Bobur Zarifjon ugli
Independent Researcher, Tashkent State University of Economics

## Abstract

The transition of the world economy to a new, knowledge-based stage, the intensification of digital transformation processes, and the growing demand for human capital are placing qualitatively new tasks before the higher education system. Fulfilling these tasks, in turn, requires higher education institutions to possess a stable financial foundation. In recent years, consistent measures have been implemented in our country aimed at reforming the higher education system, granting universities financial and academic independence, and transforming them into financially sustainable organizations. This, in turn, gives rise to the necessity of forming a scientifically grounded functional system for managing the financial resources of higher education institutions that corresponds to modern principles.

The problem of managing the financial resources of higher education institutions has been addressed in the scientific research of foreign and domestic economists on the basis of various approaches. The founders of the theory of education economics substantiated the necessity of evaluating the funds spent on education as an investment in human capital. This approach indicates the need to analyze the financial activity of higher education institutions not only in terms of expenditures, but also from the standpoint of long-term economic effect.

Managing the financial resources of higher education institutions is interpreted as a set of consistent, interrelated management actions carried out for the formation, allocation, rational use, and control of financial resources in order to achieve the strategic goals of the educational institution. This management process consists of a number of functional elements, each of which performs its own specific task and constitutes an integral part of the holistic system.

Financial planning is the initial and principal functional element of financial management, consisting of determining the short-term, medium-term, and long-term financial goals of a higher education institution, identifying the volume of resources required to achieve these goals, and substantiating the sources for attracting them. In the process of financial planning, factors such as the university's strategic development program, the dynamics of student enrollment, the prices of educational services, and the scale of scientific and innovative projects are taken into account. The quality of planning constitutes the principal condition determining the financial sustainability of a higher education institution, since vague or unsubstantiated plans reduce the efficiency of financial resource utilization.

The function of organizing financial resources encompasses the creation of the organizational and legal conditions necessary for achieving the planned financial goals, the distribution of tasks and powers among financial management bodies and divisions, and the development of internal rules and regulations governing financial flows. Under modern conditions, the establishment of financial management services, budgeting centers, and internal audit divisions at universities strengthens the organizational foundation of financial resource management.

The function of regulating and coordinating financial resources ensures that financial processes are carried out on a regulatory and legal basis, within established rules, and that the harmonious movement of financial resources is achieved through their rational distribution among various sources and directions. In the process of regulation, issues such as the ratio between state budget funds, extra-budgetary funds, and grant resources, as well as their allocation to education, research, and infrastructure areas, are resolved.

The financial incentive element of managing financial resources refers to the development and implementation of financial and non-financial incentive mechanisms aimed at increasing the labor efficiency of professors, teaching staff, and administrative personnel, as well as at activating scientific and innovative activity. Results-oriented salary systems, additional payment mechanisms, and grant- and competition-based forms of financing represent the practical manifestations of the incentive function.

Another principal element is financial control, which is the functional element that ensures the verification of the compliance of the process of financial resource utilization with established plans, norms, and legislative requirements, the identification of deviations, and the adoption of measures to eliminate them. Financial control is carried out in internal (institutional) and external (state financial control) forms. The effective functioning of the internal audit system is of great importance in preventing cases of illegal or irrational use of financial resources.

Finally, one of the last elements is financial analysis. This function creates the necessary scientific and analytical basis for making managerial decisions by evaluating the formation of financial resources and the results of their use, determining the level of stability of the financial position, and studying the dynamics of financial indicators. Based on the results of financial analysis, the leadership of the higher education institution makes substantiated decisions on clarifying the financial strategy for the subsequent period, redistributing resources, or attracting new sources of financing.

The functional elements examined above are not implemented separately from one another, but rather in close interconnection, as a continuous cyclical process - ranging from planning to analysis and then returning again to planning. The weak development of any one of these elements negatively affects the efficiency of the entire financial management system. In particular, if planning is of poor quality, the results of control and analysis also lose their significance; if the control mechanism is weak, the targeted use of planned funds is not guaranteed.

In the period of development - that is, under conditions in which profound institutional reforms are being carried out within the education system - the functional elements of managing the financial resources of higher education institutions listed above are acquiring new content. In particular, granting universities the right to independently manage extra-budgetary funds is increasing the importance of the planning and external regulation functions. The introduction of digital management systems, in turn, makes it possible to carry out the functions of financial control and analysis in real time, which considerably improves the promptness and validity of managerial decisions.

A review of foreign experience shows that in universities of developed countries, the system of managing financial resources is often organized in a decentralized form, whereby each structural division has its own budget and responsibility for financial results is distributed to a high degree. Such an approach makes it possible to increase the efficiency of financial resource utilization, as well as to encourage the initiative of structural divisions. Selectively adapting this experience to our national higher education system, particularly by forming financial responsibility centers at large universities, constitutes a promising direction.